

**UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
(DETROIT)**

In re:)	
)	
CITY OF DETROIT, MICHIGAN,)	CASE NO.: 13-53846
)	
Debtor.)	CHAPTER 9
)	
)	Hon. Steven W. Rhodes
)	

**STATEMENT OF THE AD HOC COMMITTEE OF DWSD BONDHOLDERS IN
RESPONSE TO INSURERS' NOTICES OF ASSERTED RIGHT TO VOTE CLAIMS**

The Ad Hoc Committee of DWSD Bondholders (the “Ad Hoc Committee”)¹ for those certain bonds (the “DWSD Bonds”) issued by the City of Detroit for the Detroit Water and Sewerage Department (the “DWSD”) respectfully submits this Statement in Response to Insurers’ Notices of Asserted Right to Vote Claims.²

Pursuant to the voting dispute resolution procedures (the “Voting Dispute Resolution Procedures”) set forth in the *Order (I) Establishing Procedures For Solicitation And Tabulation of Votes To Accept Or Reject Plan Of Adjustment And (II) Approving Notice Procedures Related To Confirmation Of The Plan Of Adjustment* [Doc. No. 2984] (the “Solicitation Procedures Order”) and as amended by the *Fourth Amended Order Establishing Procedures, Deadlines and Hearing Dates Relating to the Debtor’s Plan of Adjustment* [Doc. No. 4202] (the “Fourth Amended Scheduling Order”), parties believing they have a right to vote

¹ The Ad Hoc Committee members are BlackRock Financial Management, Inc., Eaton Vance Management, Fidelity Management & Research Company, Franklin Advisers, Inc., and Nuveen Asset Management.

² Any capitalized term not defined herein shall have the meaning ascribed to it in the *Fourth Amended Plan for the Adjustment of Debts of the City of Detroit (May 5, 2014)* [Doc. No. 4392].

on the *Fourth Amended Plan For the Adjustment of Debts of the City of Detroit* [Doc. No. 4392] (the “Plan”) that were not identified in the Plan as having the right to vote, were required to file a “Notice of Asserted Right to Vote a Claim.” The Fourth Amended Scheduling Order established May 26, 2014 as the deadline to file a Notice of Asserted Right to Vote a Claim and a supporting brief. Assured and National on May 23, 2014, and FGIC on May 27, 2014, filed responses (together, the “Insurers’ Responses”), asserting their right to vote the DWSD Bond claims they insure (the “DWSD Insured Bond Claims”).³

The Ad Hoc Committee disagrees with certain of the assertions made in the Insurers’ Responses regarding the Insurers’ rights to vote the DWSD Insured Bond Claims. However, to avoid unnecessary litigation, each member of the Ad Hoc Committee has agreed that they will not contest the Insurers’ rights to vote the DWSD Insured Bond Claims.

Accordingly, the members of the Ad Hoc Committee, certain other holders of the DWSD Insured Bond Claims, and the Insurers have entered into the Stipulation attached as Exhibit 1, and respectfully request that the Court enter the Order approving such Stipulation attached as Exhibit 2.

³ Assured Guaranty Municipal Corporation (“Assured”), National Public Finance Guarantee Corporation (“National”), and Financial Guaranty Insurance Company (“FGIC”) (together, the “Insurers”) filed Notices of Asserted Right to Vote a Claim. [Doc. Nos. 5022, 5025, 5056]. On June 20, 2014, Berkshire Hathaway Assurance Corporation filed *Berkshire Hathaway Assurance Corporation’s Notice of Withdrawal of Notice of Asserted Right to Vote Claims* [Doc. No. 5471].

/s/ Amy Caton

Amy Caton, Esq.

Greg Horowitz, Esq.

KRAMER LEVIN NAFTALIS & FRANKEL,
LLP

1177 Avenue of the Americas

New York, New York 10036

Tel: (212) 715-9100

Fax: (212) 715-8000

acaton@kramerlevin.com

/s/ William W. Kannel

William W. Kannel, Esq.

Adrienne K. Walker, Esq.

MINTZ, LEVIN, COHN, FERRIS,
GLOVSKY and POPEO, P.C.

One Financial Center

Boston, MA 02111

Tel: 617-542-6000

Fax: 617-542-2241

wwkannel@mintz.com

awalker@mintz.com

and

and

STEINBERG SHAPIRO & CLARK

Geoffrey T. Pavlic, Esq.

25925 Telegraph Road

Suite 203

Southfield, MI 48033

Tel: (248) 352-4700

Fax: (248) 352-4488

pavlic@steinbergshapiro.com

ANDREW J. GERDES, P.L.C.

Andrew J. Gerdes, Esq.

321 W. Lake Lansing Rd.

P.O. Box 4190

East Lansing, MI 48826-4190

Tel: (517) 853-1300

Fax: (517) 853-1301

agerdes@gerdesplc.com

*Attorneys for Nuveen Asset Management, and
BlackRock Financial Management, Inc.,
members of the Ad Hoc Bondholder Committee*

*Attorneys for Fidelity Management &
Research Company, Eaton Vance
Management, and Franklin Advisers, Inc.,
members of the Ad Hoc Bondholder Committee*

EXHIBIT 1

**UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
(DETROIT)**

In re:)	
)	
CITY OF DETROIT, MICHIGAN,)	CASE NO.: 13-53846
)	
Debtor.)	CHAPTER 9
)	
)	Hon. Steven W. Rhodes
)	

**STIPULATION CONCERNING VOTING BY INSURERS OF DWSD BONDS AND
CERTAIN HOLDERS OF INSURED DWSD BOND CLAIMS**

This Stipulation (the “Stipulation”) is entered into on June __, 2014, by and between the Ad Hoc Committee of DWSD Bondholders (the “Ad Hoc Committee”),¹ certain other holders of the DWSD Insured Bond Claims and certain insurers of DWSD Bonds (together, the “Insurers”),² with respect to the DWSD Insured Bond Claims.³

WHEREAS, on March 11, 2014, the Court entered the *Order (I) Establishing Procedures For Solicitation And Tabulation of Votes To Accept Or Reject Plan Of Adjustment And (II) Approving Notice Procedures Related To Confirmation Of The Plan Of Adjustment* [Doc. No. 2984] (the “Solicitation Procedures Order”);

¹ The Ad Hoc Committee members are BlackRock Financial Management, Inc., Eaton Vance Management, Fidelity Management & Research Company, Franklin Advisers, Inc., and Nuveen Asset Management.

² Assured Guaranty Municipal Corporation (“Assured”), National Public Finance Guarantee Corporation (“National”), and Financial Guaranty Insurance Company (“FGIC”) (together, the “Insurers”) filed Notices of Asserted Right to Vote a Claim. [Doc. Nos. 5022, 5025, 5056]. On June 20, 2014, Berkshire Hathaway Assurance Corporation filed *Berkshire Hathaway Assurance Corporation’s Notice of Withdrawal of Notice of Asserted Right to Vote Claims* [Doc. No. 5471].

³ All capitalized terms not defined herein shall have the meaning ascribed to them in the *Statement of the Ad Hoc Committee of DWSD Bondholders in Response to Insurers’ Notices of Asserted Right to Vote Claims* dated June __, 2014 [Doc. No. __].

WHEREAS, the Insurers have insured certain DWSD Bonds, as further set forth in their respective bond insurance policies;

WHEREAS, the Solicitation Procedures Order established the Voting Dispute Resolution Procedures, providing that claiming parties, including insurers, may assert a right to vote to accept or reject the Plan of Adjustment by filing notices and briefs with the Court;

WHEREAS, in accordance with the Solicitation Procedures Order, on May 23 and May 27, 2014, the Insurers filed briefs with the Court, each asserting its right to vote to accept or reject the Plan in respect of the DWSD Insured Bond Claims that each insures;

WHEREAS, the Ad Hoc Committee disagrees with certain of the assertions made in the Insurers' Responses regarding the Insurers' right to vote the DWSD Insured Bond Claims.

NOW THEREFORE, in consideration of the foregoing, the Parties hereby agree as follows:

1. Each undersigned holder of DWSD Bonds agrees that it will not contest the Insurers' rights to vote the DWSD Insured Bond Claims.

2. In the event that the Plan is amended in any way that requires re-solicitation of the DWSD Insured Bond Claims, this Stipulation shall be of no further effect and stricken from the record. Any order approving such re-solicitation of an amended plan of adjustment shall grant holders of the DWSD Insured Bond Claims time to respond to the Insurers' Responses that is no less than 30 days from the entry of such order.

3. This Stipulation is binding upon, and inures to the benefit of, the parties and their respective successors and assigns.

Agreed to this ___ day of June, 2014:

KRAMER LEVIN NAFTALIS & FRANKEL,
LLP

By: /s/ DRAFT

Amy Caton, Esq.
Gregory A. Horowitz, Esq.
1177 Avenue of the Americas
New York, New York 10036
Tel: (212) 715-9100
Fax: (212) 715-8000
acaton@kramerlevin.com

MINTZ, LEVIN, COHEN, FERRIS,
GLOVSKY and POPEO, P.C.

By: /s/ DRAFT

William W. Kannel, Esq.
Adrienne K. Walker, Esq.
One Financial Center
Boston, MA 02111
Tel: 617-542-6000
Fax: 617-542-2241
wwkannel@mintz.com
awalker@mintz.com

*Attorneys for Nuveen Asset Management, and
BlackRock Financial Management, Inc.,
members of the Ad Hoc Bondholder Committee*

*Attorneys for Fidelity Management &
Research Company, Eaton Vance
Management, and Franklin Advisers, Inc.,
members of the Ad Hoc Bondholder Committee*

CHADBOURNE & PARKE LLP

By: /s/ DRAFT

Lawrence A. Larose
Samuel S. Kohn
Robert J. Gayda
Eric Daucher
30 Rockefeller Plaza
New York, NY 10112
Telephone: (212) 408-5100
llarose@chadbourne.com
skohn@chadbourne.com
rgayda@chadbourne.com
edaucher@chadbourne.com

*Attorneys for Assured Guaranty
Municipal Corp.*

WEIL, GOTSHAL & MANGES LLP

By: /s/ DRAFT

Alfredo R. Pérez
700 Louisiana Street, Suite 1700
Houston, TX 77002
Telephone: (713) 546-5000
Facsimile: (713) 224-9511
Email: alfredo.perez@weil.com

*Attorneys for Financial Guaranty Insurance
Company*

SIDLEY AUSTIN LLP

By: /s/ DRAFT

Jeffrey E. Bjork

Gabriel R. MacConaill

555 West Fifth Street, Suite 4000

Los Angeles, CA 90013

Telephone: (213) 896-6000

jbjork@sidley.com

gmacconail@sidley.com

Guy S. Neal

1501 K Street, N.W.

Washington, D.C. 20005

Telephone: (202) 736-8041

gneal@sidley.com

*Attorneys for National Public Finance
Guarantee Corp*

EXHIBIT 2

**UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
(DETROIT)**

In re:)	
)	
CITY OF DETROIT, MICHIGAN,)	CASE NO.: 13-53846
)	
Debtor.)	CHAPTER 9
)	
)	Hon. Steven W. Rhodes
)	

**ORDER CONCERNING VOTING BY INSURERS OF DWSD BONDS AND CERTAIN
HOLDERS OF DWSD INSURED BOND CLAIMS**

The Stipulation dated as of June __, 2014, by and between the Ad Hoc Committee of DWSD Bondholders, certain other holders of the DWSD Insured Bond Claims⁴ and certain insurers of DWSD Bonds, that pertains to voting rights on certain DWSD Bond Claims, is hereby approved.

SO ORDERED:
Dated: June __, 2014
Detroit, Michigan

STEVEN W. RHODES
United States Bankruptcy Judge

⁴ All capitalized terms not defined herein shall have the meaning ascribed to them in the *Statement of the Ad Hoc Committee of DWSD Bondholders in Response to Insurers' Notices of Asserted Right to Vote Claims* dated June __, 2014 [Doc. No. __].